



LANGLEY HOUSING PRIVATIZATION

This briefing is
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Agenda

- **“What is privatization?”**
- **“Why are we privatizing?”**
- **Proposed project’s scope, features, outcomes**
- **Project timeline**
- **Forced moves?**
- **What is a tenant waterfall?**
- **How your Basic Allowance for Housing will work**
- **Utilities**
- **Discuss Industry Forum Sep 17**
- **Q & A**



What is Privatization?

- **Privatization of military housing means the government contracts to a private developer for the repair, maintenance, and construction of the housing instead of doing it in-house**
- **There will still be a Housing Management Office as the single point of contact between military members and the privatized housing for referral to units**
- **This process should be “invisible” to the housing resident as far as day-to-day life in housing**



Why Privatize?

- **Approx 40% of Air Force families live on base**
- **61% of Air Force housing units world-wide currently deemed “inadequate”**
- **75% of ACC housing does not meet minimum standards**
- **Cost to fix using MILCON: > \$16B**
- **Time to fix: 26 years at current funding levels**
- **Privatization allows the Air Force to use financing authorities to accelerate this timeline and provide new homes faster than traditional MILCON**



Why Langley is Privatizing

- **Bethel Manor is an ideal location**
- **88% of Bethel Manor in need of substantial renovation or replacement (most houses built in early 1960s)**
- **Will provide modern and efficient housing to members more quickly than traditional MILCON**
- **Project scope, location, and financial arrangements/ incentives make this project very attractive to potential developers**

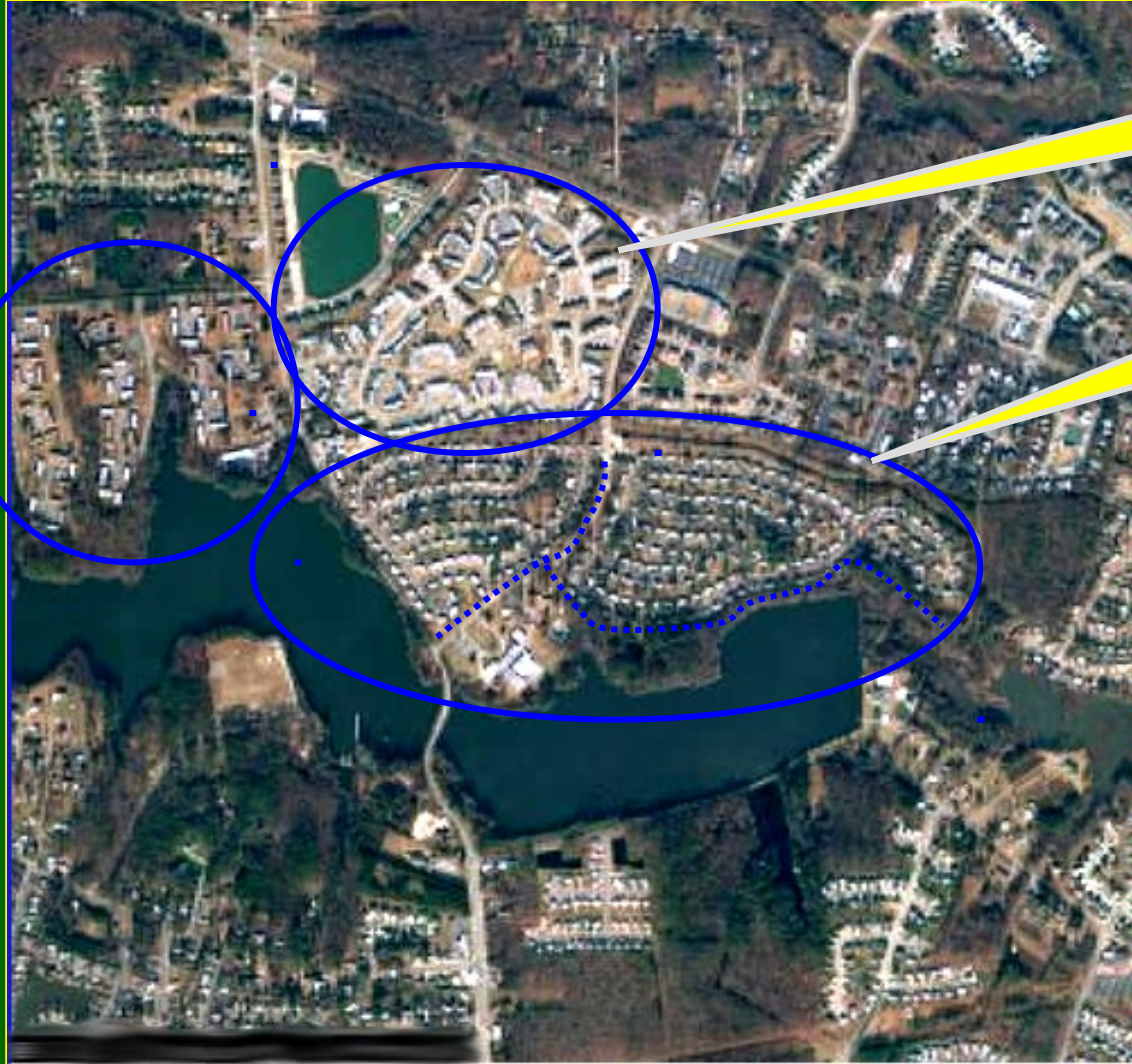


Scope of Housing Privatization Project

1800/1900 Area

2000 Area

**Capehar
t Area**





Project Scope

- **Convey all 1,268 Bethel Manor MFH units to developer**
 - **Outlease 273 acres for 50 yrs (government still owns land)**
 - **Keep 148 recently renovated units - require them to be metered for utilities within a year**
 - **Demo 1,120 older units - require replacement of 1,034 (1,120 minus the 86 lost from HRMA)**
 - **Construct 1,034 new houses over 5-10 yrs**
 - **Operate/maintain 1,182 houses for 50 years**
 - **(148 newer houses plus 1,034 newly constructed)**
 - **Mid-point whole house renovation to modernize**



Required Project Features

Unit Construction

- 5% of units handicapped accessible or easily adapted to be so
- 1,000 units available to be occupied at all times during construction
- Prestige units for Chief Master Sergeants
- Patios with privacy screening at rear of unit
- Carpet
- Ceiling fans with lights, overhead lights in all rooms
- Built in microwave and hood
- Added storage
- Parking Capacity - 2.5 spaces per unit, one car garage minimum
- Bathrooms
 - 0 bedrooms on floor = 1/2 Bath
 - 1-2 bedrooms on floor = 1 Bath
 - 3+ bedrooms on floor = 2 Baths



Required Project Features cont'd

Community Features

- **Geographic separation by enlisted-officer to maximum extent possible**
- **Sidewalks on both sides of street**
- **Unit Type (max # units/bldg)**
 - **Townhome (4-plex) - Airmen/JNCO**
 - **Duplex - SNCO/Officers**
- **No stacked construction (i.e., neighbors living above you)**
- **2 Community Centers**
- **8 covered tot lots for ages 5 and under, 8 play areas for ages 6 +**
- **2 basketball courts, 1 baseball field, jogging trail/bike path**



Desired Project Features

Unit Construction

- 3 bedrooms in lieu of 2 bedroom units minimum
- Fenced yard for each unit, with gate, no chain link
- Additional garage space for workshops etc.
- More livable SF over the minimum required
- Development phasing to minimize forced moves and accelerate construction schedule if possible
- Unit Type:
 - Duplex - Airmen/JNCO
 - Single Family - SNCO/Officers
- Sliding doors w/ screens, or French doors, leading to patio
- Walk-in closets
- Laundry room on 2d floor of units
- Programmable thermostats
- Screened-in patio
- Double sinks in bathrooms
- Open unit design w/ vaulted ceilings, 2-story living areas



Desired Project Features

cont'd

Unit Construction cont'd

- Upgraded cabinetry and countertops
- Closet rack storage systems
- Gas fireplace
- Hardwood flooring in high-traffic areas
- Pocket doors

Community Features

- Covered bus shelters
- Fitness center in community centers
- Group picnic areas
- Tennis courts
- Volleyball courts
- Pool(s) to match size, features of current BMH pool

Property Management Features

- Routine service calls can be scheduled after normal duty hours
- Full lawn care to all units



Privatization Outcomes

Once base housing is privatized, it will be transparent to the member

- **Service members are not assigned, but referred to the developer just as they would be referred to a private landlord**
 - **They can choose to NOT live in privatized housing, so it is on the developer to make the housing attractive, appealing, and comparable to/better than what is available on the local economy**
 - **The government does not guarantee an occupancy rate. Waterfall tenants (i.e., other than Air Force) are not allowed until all construction is complete**
 - **Incentive for developer to build sooner rather than later**
 - **Developer will be held to his schedule - if not he is in default**



Privatization Outcomes cont'd

- Service families will pay rent/utilities equal to **BAH -110% of average utility costs**
 - Incentive to developer to build energy-efficient homes to keep more of the BAH stream for development
 - Incentive to residents to be energy-efficient to keep more of the utility allowance in their pockets!
- Resident's complaints dealt with by developer
 - Management Review Committee (MRC) provides oversight and guidance on issues in privatized housing; wing/cc chairs
 - Commanders still have rights of entry and search if necessary



Bethel Manor - Project Timeline

<i>Milestone</i>	<i>Date</i>
ACC Concept Approval	12-Jun-03
ESG Concept Approval	18-Jun-03
DUSD (I) Concept Briefing	31-Jul-03
DUSD (I) Concept Approval	Aug-03
RFP Notification to Congress	Aug-03
Industry Forum	Sep-03
Issue RFP	Sep-03
Two-step Selection Process	Oct 03 - Jun 04
COMACC Approval to Award	Jul-04
Notify Congress of Intent to Award	Aug-04
Award/Execute Project	Sep-04



Forced Moves?

- Chances are high residents may have to move once
 - Almost all of the current housing will be demolished and replaced over next 5-10 years
- Things to keep in mind:
 - Developer is required to provide the Air Force with a phasing plan that minimizes forced moves and provides residents maximum “heads up” of a move
 - Residents’ first moves are at government expense and they will receive Dislocation Allowance (DLA) of \$523.50. Any additional moves are at developer’s expense
 - No one will be moving until after the closing of the deal, anticipated to be fall 2004 - winter 2005
 - Details of the housing priority list (where displaced residents fit into the list) will be released once a decision is made



What is a tenant waterfall?

- IF, after construction is complete, the developer is unable to maintain a 95% occupancy rate in the privatized development, he can request permission to offer these vacant units to the “waterfall” to get occupancy rate back up to 95%. The waterfall is as follows:
 - Other service active duty military members, including unaccompanied Air Force members
 - Federal civil service employees
 - Retired military members/families
 - Active duty Guard and Reserve military members/families
 - Retired federal civil service
 - DoD contractor/permanent employees (US citizens)
 - General public
- Leases to other than AF tenants are for one year only and can only be renewed if occupancy is still below 95%
- It is an extremely remote possibility that a person off the street will ever be moving into Bethel Manor
- Historical occupancy rates in Bethel Manor are 98%, even in their present condition



How your BAH will work

- Once the deal is signed by all parties, all residents will begin to receive the full BAH they are entitled to
- All residents will then start an allotment for the full amount of BAH to the lockbox account of the developer (same time you sign a lease)
 - All of this information will be provided to you well in advance of the required action
- Your BAH = rent and all utilities, until your house is metered for utilities sometime later on
- Developer will pay for your utilities, sewage, water, and trash/recycling pickup during this transition period



Utilities!

- **Eventually residents will have their houses metered for electric and/or gas**
 - **For those living in the newer 2000-area units, this will be within one year from deal closing**
 - **For those in an older house, it won't be until the house is demolished and replaced**
- **Once your house is metered, you will begin receiving a bill for electric/gas usage just as if you lived off-base**
- **Developer will still pay for water/wastewater, sewage, and trash pickup**
- **Your rent to the developer will be adjusted down so you get to keep enough of your BAH to pay these bills...**



Utilities! Cont'd

BAH = (Rent) + (110% of avg utility cost per month)

- Here is an example of how this will work:
- SSgt living in privatized housing gets **\$799** (w/ dependent rate) for 2003 BAH
 - Average electric and gas bills in his house is **\$80** a month
- The allotment to the developer for rent will go down to **\$711** (\$799 minus 110% of his monthly utility bill of \$80, or \$88)
 - If his monthly bill is **\$70**, he keeps \$18 difference
 - If his monthly bill is **\$90**, he pays \$2 out of pocket



Utilities! Cont'd

- Incentive to the **developer** to build a very energy efficient house in order to keep more of your BAH as rent vs. letting you keep it for utility bills
- Incentive to **resident** to conserve utilities in order to get to keep some of your utility allowance for yourself!
- These average utility rates will be tracked yearly and new rates will be based on historical usage over most recent 5 year period, so as your unit ages, you will be compensated for any loss of energy efficiency



Industry Forum

- **On Sep 17, 2003 Langley AFB will be hosting an “Industry Forum”**
 - **The forum is to announce this project and showcase it to interested developers and local community leaders**
- **The forum will be held at the Omni Hotel**
- **Part of the day will include a tour of Bethel Manor to look at some vacant housing units and see the development as it looks today**



Langley's Housing Privatization Public Website:

<http://www.langley.af.mil/tour/priv.shtm>

***Check it for updates, links, and
information!***

Your point of contact for questions:

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Questions and Answers